

**Amendments to the Abstract:**

Please cancel the previous Abstract and replace it on a separate page with the following abstract.

**ABSTRACT OF THE DISCLOSURE**

A method and apparatus for controlling bit rates used in a moving pictures encoder, such as an MPEG standard encoder. A sequence of moving pictures is divided into segments each of which comprises one or more group of pictures. A constant overall bit rate is specified for the sequence of pictures, but variable bit rate encoding used within each segment. A difference between the number of bits allocated for encoding the segment and the actual bits used for encoding is determined, and the difference distributed over one or more subsequent segments.